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AUTHOR Hansen, W. Lee
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ABSTRACT

The economic position of college faculty members is examined. It is suggested that a declining relative and absolute economic status for faculty has been in evidence for several years and shows no signs of abating. Faculty members are being forced to find ways to supplement their salaries through outside activities and second jobs. It is also suggested that despite efforts to curb participation in outside activities, this is becoming a popular practice. Declining enrollments, an overabundance of Ph.D.s, and changes in public attitudes toward higher education are cited as contributing to a decline in the relative and absolute status of college faculty. Trends in faculty salaries since 1948 are examined. The data indicate that the salaries failed to keep pace with sharply rising prices and other professional salaries over the past decade. Several suggestions are proposed for alleviating any inequities apparent in the faculty salaries. These suggestions include the incorporation of cost-of-living adjustments, salary increases awarded for recognition of professional development, and reduction of instructional staff. It is suggested that failure to remedy this situation may affect the quality and quantity of faculty performance, may lead to extensive faculty unionization, and may force more faculty to seek additional employment opportunities. (SF)

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ACADEMIC COMPENSATION: MYTHS & REALITIES

W. Lee Hansen
University of Wisconsin, Madison

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ACADEMIC COMPENSATION: MYTHS & REALITIES

W. Lee Hansen*
University of Wisconsin, Madison

Whether the subject of outside income received by faculty members warrants all the attention being given to it at this conference is questionable. There are many pressing issues facing higher education, among them adaptation to declining enrollments, changes in mandatory retirement, increased federal regulation, and what I want to focus on in this paper, the declining relative and absolute economic position of faculty members. This decline has been of concern to the AAUP for some years now, as evidenced by the annual reports of its Committee Z on the Economic Status of the Profession. Recent information indicates that this decline shows no sign of abating; in fact, it is accelerating. Should this trend continue, economic necessity may force increasing numbers of faculty members to find ways of supplementing their salaries through not only outside activities of the kind under scrutiny here but also second jobs unconnected with their professional and academic interests. Thus, despite the apparently high-minded arguments presented by the conference leaders for tightening up on participation in outside activities, the evolving incentive structure is working in directly opposite fashion.

My intention is to explore this interplay. I begin by reviewing the evidence on the economic position of college and university faculty members and then discussing various explanations for the declining economic status of the profession. I go on to explore possible solutions and then discuss the

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*I am indebted to Maryse Eymonerie and Robert J. Lampman for their helpful comments.

implications of the failure to find or implement solutions.

I should make it clear that I am here as an individual faculty member; I do not speak on behalf of the University of Wisconsin, Madison, the American Association of University Professors, or Committee Z of the AAUP, even though I am associated with all three organizations. Nonetheless, I draw on my experiences and associations with these organizations, as well as my background as an economist.

* * *

I. The Declining Economic Position of the Professoriate

Over the years the economic position of faculty members has been documented regularly by Committee Z of the AAUP in its extensive annual reports, in the AAUP Bulletin and in Supplementary Tables. I want to review, update, and elaborate on that evidence for the period 1967-68 to 1977-78, beginning with a quick review of what happened earlier.

The discussion here focuses on changes in 9-month contracted salaries.[1/] This ignores fringe benefits as well as any salary paid by colleges or universities for overloads, summer school teaching, and the like. It is true, of course, that fringe benefits as a percentage of salaries rose dramatically over the past decade, with the result that compensation increases exceeded salary increases. For example, fringe benefits rose from 9.2 to 15.7 percent of average salaries. However, this increase can be viewed most appropriately as representing a "catching up" to the levels of fringe benefits available to other similar workers. For this reason, the focus here is on salaries alone. Other salary payments

1/ For a discussion of the AAUP data, see Maryse Eymonerie, "The AAUP Faculty Compensation Survey; Opportunities and Pitfalls in Faculty Salary Compensation," presented at the 3rd Annual Academic Planning Conference, University of Southern California, January 1978.

for overloads, summer school, and the like are also ignored, principally because the dominant pattern of employment for faculty members is reflected by salaries for regular academic-year, 9-month appointments. Although the proportion of faculty members with 11-month appointments has risen somewhat, the vast bulk of faculty members are still on 9-month appointments. A final reason for confining attention to salaries is the greater opportunity provided for making comparisons with other occupational groups for which salary data (as contrasted to compensation data) are readily available.

The pattern of change in academic salaries during the last decade represents a dramatic departure from the two previous decades, as indicated by the summary data in Table 1. From 1948-49 to 1957-58 average salaries in current dollars rose by 43 percent, prices increased by 19 percent, and salaries in constant prices rose by 20 percent. Thus, real salaries rose at a 2.1 percent average annual rate.

Next came what for many reasons might be called the "golden era" in higher education, 1957-58 to 1967-68. This period of rapid enrollment growth, increased public support for higher education, and need to attract many more new faculty members led to a substantial increase in real salaries. Academic year salaries increased by 72 percent in current dollars, prices rose by 19 percent, and salaries in constant dollars jumped by 45 percent. This works out to a 3.8 percent average annual increase in real salaries.

The contrast with the most recent decade, 1967-78 to 1977-78, is striking. Rather than an increase, there was an absolute decline in real salaries. The 71 percent increase in average salaries in current dollars is quite similar to the 72 percent increase for the previous decade. However, the consumer price index rose much more sharply, increasing by 84 percent. When the rise

in average salaries is corrected for this price level change, we find a net decline of 7.2 percent in real salaries; this figures out to a 0.8 percent average annual decrease in real salaries.

Bad as this may be, a strong case can be made that calculations based on these average salaries understate the magnitude of the recent decline. From 1967-68 to 1977-78 there was a shift in the mix of faculty by rank. In particular, the percentage of lower-paid younger faculty members--assistant professors, lecturers, and instructors--declined from 52 to 43 percent as new hiring diminished and as promotions depleted these ranks. This means that the reported average salary rose by more than the average salary of continuing faculty members.[2/] The effect of the changing composition of faculty can be isolated by calculating another real salary series using constant (1967-68) percentage weights by academic rank. These calculations reveal a decline of 10.6 percent in real salaries, a considerably larger decline than the 7.2 percent based on the published AAUP data. (See columns 6 and 4 respectively, Table 2.) This works out to a 1.2 percent average annual rate of decrease. In other words, changes in published average salaries over the period fail to control for changes in the mix of faculty by academic rank, changes brought about in response to conditions largely beyond the control of the academic sector.

Closer inspection of the more detailed data in Table 2 reveals that the first and second halves of the 1967-68 to 1977-78 period were quite different. The differences emerge sharply from the summary data at the bottom of the table where the average annual percentage rates of change from 1967-68 to 1972-73 and from 1972-73 to 1977-78 are shown. The early period was one of miniscule gains in real salaries--the average annual

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2/ This statement must be qualified because there has been turnover resulting from deaths and retirements.

gain was well below one percent (actually 0.9). But the second period was disastrous, with a 2.4 percent average annual decline in real salaries. The results based on the constant-weighted salary series are even more devastating, with a 2.9 percent average annual decline in real salaries.

Much the same story emerges when average salaries are compared for the various ranks, as shown in Table 3. Real salaries declined at every rank. The declines by rank closely approximate the declines based on constant-weighted salaries, shown in column 7 of Table 1. There are no startling changes by rank except, perhaps, those for lecturers, a rather heterogeneous group anyway; they experienced the sharpest real gains from 1967-68 to 1972-73 and then the sharpest real declines from 1972-73 to 1977-78. It is interesting to note the similarity of the declines for people in the regular academic ranks of professor, associate professor, and assistant professor.

This review indicates that faculty salaries failed to keep pace with sharply increasing prices over the past decade, and this was particularly acute during the latter half of that decade. Given the expectations of continuing high rates of inflation and little or no evidence that salary increases in current prices will exceed the historic (1957-58 to 1977-78) average of about 6 percent per year, the economic position of faculty members at all ranks is destined to continue declining.

II. The Declining Relative Position of the Professoriate

How have faculty salaries fared relative to the salaries of other comparable groups? Howard Bowen attempted to answer this question in a recent study of long-term trends in academic salaries and compensation.[3/]

3/ Howard R. Bowen, Academic Compensation: Are Faculty and Staff in American Higher Education Adequately Paid? (New York: Teachers Insurance and Annuity Association, 1978).

My intention is to expand his treatment for the past decade. Two sets of comparisons are provided. One is with the wage or salary income of male workers in several of the major occupational groups. The other is with the salaries of people in some of the specific occupational groups examined by Bowen.[4/] To simplify the presentation, only average annual rates of change in real salaries are given.

For the period 1967-68 to 1977-78 average annual percentage increases in real salaries for most groups of workers were smaller than in the prior decade, but only 4 of the 19 groups shown in Table 4 registered declines. Most of the declines were quite small, and all of them were well below those for faculty members. Faculty members fared worse than other groups in both subperiods. From 1967-68 to 1972-73 they achieved a positive annual rate of increase but a much smaller one than that received by the other groups. However, from 1972-73 onward, the lag in salaries behind the price level was sharper for faculty members than for any other occupational category.

While the occupational groups included here are not exhaustive, it is noteworthy which groups were most able to maintain or enhance their economic position over the decade. Year-round full-time male wage and salary workers, particularly clerical and craft workers, did well. Federal professional and administrative employees did even better. And in the private sector attorneys and buyers outperformed all other groups. The only surprise is how poorly the engineers fared though admittedly this was a slack period for them.

This comparative analysis shows that faculty members have borne more than their fair share of reduced real salary gains over the past decade. The substantial decline in real salaries and the even greater decline for faculty

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4/ There was no attempt to replicate all of Bowen's data. Attention was focused on a range of professional-administrative-occupational groups in the public and private sectors.

members relative to other professional and administrative workers are no mirage. They are quite real.[5/]

III. The Absolute Position of the Professoriate

Some note should be made of the level of faculty salaries relative to other groups. Such comparisons are difficult to make because academic salaries reported by the AAUP are based on 9-month appointments whereas the salaries and salary rates for other groups reflect employment for the entire year. However, the Current Population Survey does now report annual earnings for college and university teachers, and this is of some help, as we shall see below.

In Table 5 we have arrayed the salaries of the groups from Table 4 so as to illustrate the relative level of faculty salaries. The first panel shows the salary ranges for three federal grades, GS-11, 13 and 15. The second panel presents the private sector comparisons; it should be noted that for accountants, attorneys, engineers, chemists, and personnel workers the grade levels reflect ranges for specific occupational categories rather than levels cutting across occupational lines as in the case for federal employees. The next panel shows the earnings positions of several of the major occupational groups, based on year-round, full-time employment.

5/ When increases in faculty salaries are compared with increases in real per-capita disposable personal income, the position of academics and most other groups is even less favorable. Real personal income per-capita rose by 26.7 percent from 1967 to 1977, or by 2.4 percent annually. (Based on data from 1979 Economic Report of the President, Table B-22, p. 209.) Thus, the magnitude of the relative decline for faculty members may be seriously understated.

It is not clear how to reconcile the much greater gain in real personal income per capita noted above than in average earnings by occupation noted earlier. Increased labor force participation rates of women, for example might account for this effect. However, median real money income per family rose, considerably less, by 11.2 percent or by 1.1 percent annually. (Based on data from 1975 Economic Report of the President, Table B-25, p. 212.) I plan to examine these differences more closely.

It is clear that the range for the academic ranks, shown in panel 4, is centered at a lower level than for any of the groups in panels 1 and 2. At the same time the average salary for academics roughly equals those for professional and managers but exceeds by a considerable margin those for clerical workers and craftsmen in panel 3.

Additional detail on professional and managerial personnel is presented in panel 5 on mean earnings in 1977 for year-round, full-time workers, including college and university teachers. The earnings figure of $20,990 for college faculty members is about 11 percent greater than the AAUP figure for all ranks. This figure presumably reflects all earnings from the employing institution (summer school and overloads) and probably all other "earnings" as well. This suggests the not surprising fact that annual earnings exceed 9-month salaries. It also indicates, however, that additional earnings beyond the 9-month contracted salaries are not that substantial on average.

As compared to other professional and managerial groups (see panel 5) college and university teachers are slightly above the average for all salaried professionals but considerably below that for self-employed professionals. Relative to managers, they are slightly below salaried but well above self-employed managers. And as panel 3 shows, college and university teachers are very close to the overall averages for both professional and managers.

These comparisons, based on comparable annual total earnings, show that faculty members are closely grouped with their counterparts in the broad professional and managerial fields. Such comparisons, however, obscure some of the detail provided by the more specific public and private sector comparisons shown in panels 1 and 2.

IV. Causes of the Declines in Absolute and Relative Earnings

The causes of these declines remain to be sorted out. Isolating the causes

of these declines and estimating their relative importance is no easy job, given the complex forces affecting the salaries of academics at different types of institutions and ranks.

Although we cannot evaluate the relative importance of these causes, we can at least offer a brief catalog in the hope of stimulating more thinking about them. One important cause is an increase in the supply of potential academics, reflected by the growing numbers of new (and some older) PhDs seeking employment in colleges and universities. Another is the slackening of demand, as increases in enrollment have tapered off and are projected to begin declining in the 1980s. The steady upward pressures on salaries of the early 1960s no longer exist, and the market has responded with a deacceleration of annual percentage increases, so much so that faculty members have slipped relative to virtually every other comparable group.

Another major cause is the changed attitude of the general public and voters who no longer give higher education the priority it attained in the early and middle 1960s. There were powerful imperatives to produce ever larger increments of highly educated manpower so we could compete with the Russians, put a person on the moon, teach the baby boom bulge sweeping into the colleges, and the like. But as these imperatives were met, things began to change. This was followed by the turmoil of the late 1960s, much of it centered on college campuses; this diminished the lustre of higher education, and it helped to set the tone for the 1970s.

A fourth reason has to do with the demise of the long-standing cooperative arrangements worked out between university officials and governing boards, and between them and their varied constituents (alumni, legislators, private benefactors, etc.). These arrangements led to the provision of ample financial

resources which in turn produced the glorious developments in higher education of the early 1960s. But as university officials became increasingly taken up with internal campus problems and later with federal government dealings, and as outsiders became more concerned about what was happening on the campuses, these old established relationships weakened. In the public sector the growing breed of new legislators--younger, well-educated, and pressing to rationalize state spending programs--was less willing to accept on faith what had impressed its predecessors. In any event, the ability of institutions to secure the funds needed to provide adequate salary increases has been steadily diminished.[5/]

Still another explanation points to the erosion of ethics among the professoriate, arising because of questionable practices in higher education. Two ethical concerns are being given pronounced attention by this project. One is the extent to which faculty members provide the time and effort they are paid to provide. Another is the extent to whcih they are involved in conflicts of interest (use of university facilities for outside activities, etc.) Unfortunately, there is no evidence on these ethical dimensions. Are faculty members adhering more or less closely to the rules, implicit or explicit? I would guess that these concerns have been at best a minor contributor to the declining economic position of faculty members. To the extent they are important, they have probably reflected adversely on faculty members and lessened the support for higher education by not only citizens and voters but also by legislators, governors, alumni, and others.

About all that one can say is that for a variety of reasons employees in other occupations have done better than academics. How much weight should be attached to each of the reasons discussed above, and to other reasons not

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[6/] In addition, it appears that academic salaries may have suffered because of the willingness, or insistence, of institutions and their faculties that salary increases conform to the official anti-inflationary guidelines prevailing from 1971 through 1974. It seems unlikely that this was a major cause but neither can we dismiss it completely. For discussions of the impact of the guidelines, see Committee Z reports for 1971-72 and 1972-73. For more recent information, see "AAUP White House Exchange on Wage Guidelines," Academe, March 1971, pp. 140-143.

developed here, is impossible to say.

V. What Can Be Done?

What are possible solutions? What can be done to stop the fall in the relative position of real salaries of professors? Several mechanisms come to mind.

The first is to press for incorporation of cost of living adjustments into faculty compensation programs. This means that at a minimum the funds allocated for faculty salary increases would increase automatically each year by an amount sufficient to raise the salaries of continuing and new faculty members by on average the percentage increase in the cost of living. A few faculty groups have such arrangements; some others receive only a partial adjustment; most have no such adjustment. A cost of living adjustment would do no more than ensure against declines in real income--it certainly would not provide for any growth in real income.

Another possibility is to build onto the cost of living adjustment an additional increase to reflect economy-wide gains in productivity or the gains registered for comparable occupational groups. Many labor groups have tried to institutionalize such increases; noteworthy examples are found in the public sector and in heavily unionized sectors of the private economy.

Still another possibility is to press for a system that incorporates, in addition to the above, "step" or "maturation" salary increases that reflect professional development similar to what occurs elsewhere through promotion, reclassification, longevity, or other recognition of normal professional development.[7/] This factor is not usually included as a separate component in determining faculty salary increases. Because of the absence of this type of increase, other public employees, and many private employees as well, typically receive larger percentage increases in salaries than do college

7/ For a discussion of this concept, see the 1971-72 report of Committee Z.

faculty members.

If all other efforts to develop a comprehensive salary program fail, then more direct methods must be considered. The most obvious is to provide out of existing resources competitive wage increases for faculty members in the knowledge that faculty size will have to decline. This requires that the faculty student ratio falls. There is a limit, of course, to how much the ratio can be reduced without jeopardizing the quality of instruction. There is also the constraint of tenure which prevents rapid reductions in faculty size to help reduce the faculty-student ratio. An offset is provided by the increased use of part-time and nontenure-track instructors. Whether this move is advisable remains unclear although a few institutions have followed this approach.

It is obvious that faculty members would prefer to see the development of compensation plans that incorporate cost of living increases, nominal increases in real income, and "step" or "maturation" increases to reflect professional development and growth as well as increases for extraordinary merit. There will no doubt be disagreement as to how people should share these three kinds of increases. Several questions illustrate this. Are the funds to be allocated equally to all faculty members or are the latter two categories to be used to recognize outstanding merit? If for some reason the funds available are not sufficient to provide all three types of increases, how should the funds be split among these three types of increases? To what extent should merit increases be sacrificed for across-the-board increases? These are difficult questions to resolve. But they will probably be asked ever more frequently, particularly in light of the limited resources likely to be available in the forseeable future.

V. The Consequences of Not Finding A Solution

What kinds of behavioral responses can we anticipate if the real salaries of faculty members continue to drop? There are several possibilities. First, despite all that is said about professionalism, we can anticipate some erosion of spirit that is bound to affect the quality of performance by faculty members. As faculty members find themselves bearing the heavy brunt of inflation, certainly as compared to other similar groups of professionals, they may seek to adjust by reducing the quantity and quality of their work effort. This, of course, goes against the conception of how professionals operate -- their dedication to work presumably overwhelms all other considerations. Implicit in this kind of behavioral response is the notion that academic compensation must maintain some parity with comparable occupational groups.

Another possibility, following from that just mentioned, is the likely hardening of attitudes about the need to organize more effectively to promote the economic interests of faculty members. Given the growing interest in collective bargaining and the apparent clout of organized groups in the economy and perhaps to some degree in the academic sector, there is likely to be a greater push for collective bargaining.

More serious, perhaps, will be efforts of individuals to cope with relatively lower real salaries by seeking other employment opportunities to supplement their incomes. Some of these outside money-making activities may be professionally related, whereas others will not. Indeed, the holding of second unrelated jobs, often called moonlighting, is not an unheard of phenomenon in our economy. The evidence indicates that many K-12 teachers, particularly male teachers, have traditionally held second jobs to augment their teaching

salaries. And anecdotal evidence is accumulating that more and more college instructors are doing the same things; recently I have heard of more faculty members engaged in selling real estate, consulting, taking evening-weekend sales jobs, etc. This is regrettable, for it means that the major energies of these people are no longer directed to their teaching but rather to supplementing their inflation-eroded academic salaries.

I suppose that we could think of such activities falling within the scope of the proposals being discussed at this conference, namely, that these outside activities be curtailed and any resulting income be turned over to the institution. Of course, were such rules in force, there would be little or no incentive for anyone to take on these jobs. More likely, however, these jobs would not be reported officially. In short, economic necessity would force violations of the rules on outside activities. This is not a healthy situation, for it will undermine that which is most important in higher education. In any case, there may be questions about the legality of requiring the reporting of income from unrelated activities. If this is the case, then fine distinctions may have to be drawn between what is and what is not related.

The discussion thus far has emphasized the growing potential demand for outside income by faculty members. But what about the supply side? Are the opportunities for gaining outside income increasing, decreasing, or remaining constant? As far as I know there is no good intelligence on this point.

One possibility is that the supply of these opportunities is increasing. The world has become steadily more dependent on experts, many of whom are faculty members. As funds for research and development expand, and they have over the past decade or more, then the potential for earning outside income increases. Whether there has actually been a relative increase in these activities and earnings is not clear. Another possibility is that even though these opportunities

may have expanded, the greater competition resulting from the large increase in the number of people qualified to provide the desired services has diminished the opportunities available to faculty members. For example, there are now large numbers of Ph.D.s in government, industry, and the burgeoning nonprofit sector who now do as regular work what earlier might have been done by faculty member consultants. Thus, it is quite possible that the opportunities at least for professionally related earnings have actually diminished.

To sum up, the behavioral responses will be conditioned by the possibilities, and these are not at all clear. Some responses are bound to occur but what they will be is not clear. This is a subject that clearly deserves more discussion.

VI. Conclusion

The focus of this conference is on the detrimental effects of outside activities by faculty members and the suggested remedies. Besides being of questionable merit, some of the remedies run up against the kinds of economic pressures being felt increasingly by faculty members as their salaries are steadily eroded. Were this erosion pervasive in the economy, faculty members would not represent a special case. But they do represent a special case, as the evidence shows. And their responses which are only beginning to manifest themselves are likely to involve ever more diligent efforts to supplement their salaries.

This means that our efforts must be redirected. It is true that faculty members who abuse their position by engaging in excessive amounts of outside activity (or inadequate amounts of inside activity) need to be disciplined but this hardly requires a meat axe approach. More important is the task of improving both the absolute and relative economic position of faculty members. If we fail, then some of our most productive (and perhaps also least productive) colleagues are going to leave for other more remunerative activities. In addition, our

ability to attract high quality younger people into academic positions will decline. These are serious problems that need to be addressed if the long-run intellectual vitality of the academic sector is to be maintained. The failure to consider these issues at the conference is quite remarkable.

Table 1

Comparison of Indexes of Average Salaries of Faculty Members in Current and 1967-68 Prices, and Average Annual Rates of Increase in Real Salaries

	Index of Average Current Salary	Price Level Index	Index of Average Real Salary	Average Annual Rate of Increase (Decrease) in Real Salary
1948-49 to	100.0	100.0	100.0	2.1
1957-58	142.8	118.6	120.4	
1957-58 to	100.0	100.0	100.0	3.8
1967-68	172.2	118.6	145.2	
1967-68 to	100.0	100.0	100.0	(0.8)
1977-78	171.0	184.6	92.8	

Table 2

Levels and Indexes of Salaries of Faculty Members in Current Prices, 1967-68 Prices, and Constant (1967-68) Weighted 1967-68 Prices

Year	Salaries in Current Prices: Average Salary (1)	Salaries in Current Prices: Index 1967-68=100 (2)	Consumer Price Index 1967-68=100 (3)	Salaries in 1967-68 Prices: Average Salary (4)	Salaries in 1967-68 Prices: Index 1967-68=100 (5)	Constant (67-68) Weighted Salaries in 1967-68 Prices: Average Salary (6)	Constant (67-68) Weighted Salaries in 1967-68 Prices: Index 1967-68=100 (7)
1967-68	11,033	100.0	100.0	11,033	100.0	11,033	100.0
1968-69	11,760	106.6	104.8	11,221	101.6	11,209	101.6
1969-70	12,637	114.5	111.1	11,293	102.4	11,338	102.8
1970-71	13,284	120.4	116.8	11,373	103.1	11,312	102.5
1971-72	13,823	125.3	121.0	11,424	103.5	11,318	102.6
1972-73	14,552	131.9	125.3	11,568	104.8	11,346	102.8
1973-74	15,459	140.1	137.1	11,276	102.2	10,944	99.2
1974-75	16,403	148.7	152.3	10,770	97.6	10,389	94.2
1975-76	17,450	158.2	163.1	10,699	97.0	10,272	93.1
1976-77	17,930	162.5	172.5	10,394	94.2	10,016	90.8
1977-78	18,897	171.3	184.1	10,265	93.0	9,860	89.4

Average Annual Rate of Increase in Salaries in 1967-68 Prices		
1967-68 to 1977-78	(0.8)	(1.2)
1967-68 to 1972-73	0.9	0.6
1972-73 to 1977-78	(2.4)	(2.9)

Table 3

Average Academic Salaries by Rank and Indexes of Salaries in Current Prices and in 1967-68 Prices

	Professor	Associate Professor	Assistant Professor	Instructor	Lecturer
Salaries in Current Prices					
1967-68	15,341	11,530	9,516	7,548	8,798
1972-73	19,751	14,887	12,289	9,873	12,168
1977-78	25,079	18,996	15,549	12,705	14,199
Salaries in 1967-68 Prices					
1967-68	15,361	11,530	9,516	7,548	8,798
1972-73	15,688	11,828	9,761	7,842	9,665
1977-78	13,622	10,318	8,446	6,901	7,713
Indexes of Salaries in 1967-68 Prices					
1967-68	100.0	100.0	100.0	100.0	100.0
1972-73	102.3	102.5	102.6	103.9	109.9
1977-78	88.8	89.5	88.8	91.4	87.7
Average Annual Rate of Increase in Salaries in 1967-68 Prices					
1967-68 to 1977-78	(1.2)	(1.1)	(1.2)	(0.9)	(1.4)
1967-68 to 1972-73	0.4	0.4	0.4	0.7	1.9
1972-73 to 1977-78	(2.8)	(2.7)	(2.9)	(2.5)	(4.6)

Table 4

Comparison of Average Annual Rates of Increase in Salaries in 1967-68 Prices of Members of Different Occupational Groups

	Average Annual Rates of Increase (Decrease)		
	67-68 to 77-78	67-68 to 72-73	72-73 to 77-78
1. Average Academic Salary	(0.8)	0.9	2.4
2. Wage or Salary Income of Male Year-Round, Full-time Workers	1967-1977	1967-1972	1972-1977
Professional & Technical	0.1	1.8	(1.5)
Managers & Professionals	0.5	2.2	(1.3)
Clerical and Kindred	1.3	2.7	(0.1)
Craft and Kindred	0.8	2.2	(0.6)
3. Basic Annual Pay Rates for Professional & Administrative Employees of the Federal Government			
Grade P4 or GS-11	1.0	1.9	0.0
Grade P6 or GS-13	1.1	2.1	0.2
Grade P8 or GS-15	0.9	2.1	(0.3)
4. Average Salaries in Selected Professional & Administrative Positions in Private Industry			
Accountant IV	0.5	1.3	(0.3)
Auditor III	0.0	1.7	(1.8)
Chief Accountant IV	0.7	2.3	(0.9)
Attorney IV	1.7	5.4	(1.9)
Attorney VI	1.8	5.4	(1.6)
Chemist V	0.0	0.6	(0.5)
Chemist VII	(0.1)	0.5	(0.6)
Engineer VI	(0.3)	0.6	(1.1)
Engineer VIII	(0.6)	0.0	(1.2)
Buyer IV	2.1	4.8	(0.6)
Director of Personnel III	0.5	1.0	0.0

Sources: 1. Academic: AAUP data
2. Male Workers: U.S. Bureau of Census, Current Population Reports, Series P-60
3. Government: U.S. Civil Service Commission
4. Private Industry: Bureau of Labor Statistics, National Survey for Professional, Administrative, Technical and Clerical Pay

TABLE 5

Comparisons of 1977-78 Academic Year Salaries and 1977 Total Money Income of Faculty Members With 1977 Salaries And Earnings of Similar Groups of Workers

Annual Earnings	Panel 1 Federal Gov.	Panel 2 Private Industry	Panel 3 Broad Occupation Groups Year-Round, Full-time	Panel 4 AAUP	Panel 5 Current Pop. Reports
45,000	47,025 GS-15	46,509 (Atty VI)			
40,000		38,063 (Engr VIII)			
	36,171	36,789 (Acct IV)			
35,000		36,329 (Chem VII)			
	33,825				32,622 (SE Professionals)
30,000	GS-13	30,973 (Atty IV)			
		29,376 (Engr VI)			
	26,022	29,188 (Pers III)			
25,000		26,214 (Chem V)		25,079 (Full Prof)	
	23,739	21,907 (Buyer IV)	21,320 (Professional)		21,850 (Sal Managers)
20,000	GS-11	20,908 (Job Ana IV)	20,628 (Managers)		20,990 (All Univ Profs)
		20,367 (Acct IV)			20,188 (Sal Professionals)
	18,258	17,108 (Audi III)		18,996 (Assoc Prof)	
15,000			16,149 (All Workers)	18,897 (All Profs)	
				15,549 (Asst Prof)	
			14,825 (Craft)		14,279 (SE Managers)
			14,304 (Clerical)	14,199 (Lect)	
10,000				12,705 (Instr)	
5,000					

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COMMENTS AT CONFERENCE ON ETHICAL AND ECONOMIC ISSUES*

W. Lee Hansen
University of Wisconsin--Madison

A conference such as this--with its many and diverse papers, panelists, participants, and informal discussions--is exceptionally stimulating. In fact, it has generated so many thoughts and ideas that I find it difficult to offer a limited set of comments in the short time allotted. To help you follow my remarks, I plan to: (1) raise several questions that have bothered me ever since I received background information on the conference; (2) review the evidence on levels and changes in real faculty salaries and then comment on implications; and (3) touch on some ethical questions these raise.

I. Questions about the Ethical and Economic Issues Project

1. Why hasn't there been more research on the extent to which outside activities produce the results suggested in the April 1979 Newsletter announcing this conference, in the Discussion Outline for the Session I panel, and in the other papers? Based on the Discussion Outline, I have paraphrased these effects as questions. Here they are: (a) How extensive is neglect by faculty members of their basic university commitments because of non-university work? (b) How pervasive is the change in attitudes which leads to members development. vested interests in outside (extra income) activities? (c) How much direct conflict of interest do these activities create with the interests of the institution or society? There have been generalizations, isolated examples, and occasional horror stories. But as yet I see no research findings bearing on the issues. Where are they?

*Presented at the USC Fourth Annual Academic Planning Conference, "Ethical and Economic Issues: Academic Professionalism and Compensation in an Era of Accountability, Limits, and Inflation," Newport Beach, California, June 11-13, 1979.

2. Is there really a problem? The phrasing of these issues in the Discussion Outline is illuminating because it suggests the existence of problems through the use of such words as "may involve," "may cause," and "may directly conflict." Yet, the impression is generated that "may" really means "does." In the absence of evidence, what is suggested as fact appears to be no more than speculation. As even the most casual student of the English language knows, the word "may" makes for weak statements of fact.

3. How bad might things be assuming there is a problem? Suppose that 20 percent, or even 70 percent, of faculty members do engage in outside activity. What does this imply about the percentage of faculty members who actually violate the standards suggested above? All of them, 50 percent, 10 percent, 2 percent? Whatever the answers might be, how serious are the effects? What is the degree of neglect? How much conflict of interest results? Surely, some evidence must be available or should have been gathered already; this is a presumably well-financed project, supported by the Carnegie Corporation, that has been underway for almost a year and a half. If none has been gathered, I would suggest that the three issues mentioned above be viewed as hypotheses and the evidence be assembled to test them.

4. Why is there not more and deeper probing of the extent to which people outside the academic sector are concerned about this so-called issue of outside income? There is mention of legislators and the general public being "increasingly aware and critical of extramural faculty commitments," (April 1979 Newsletter). There is also mention of the "impressions" of legislators. Of course, scholars and administrators can always conjure up outside threats. But what evidence supports these statements? And how serious is the concern? Merely because concern exists, should we assume it is well-founded? Would a probing examination of attitudes perhaps help to dispel these concerns? I see no attempt even to raise these issues.

5. What is the significance of reporting that academics do receive

outside income, whether it adds 1 percent, 10 percent, or 100 percent to their university earnings? The fact that actual salaries reported on W-2 forms exceed 9-month contract salaries means nothing. What would I make of the differences between Paul Hardin's W-2 form and his AAUP reported salary? There would probably be a difference, but does that imply neglect of his responsibilities, perversion of his attitudes, and conflicts of interest? If we take Paul at his word, as I do, the answer is "no". But someone else could say "yes"--and be entirely wrong!

6. Why haven't we been provided with more extensive bibliographic references in papers prepared for the conference this year, in the Newsletter, and in last year's papers? Surely we could benefit from knowing what other research has been published or is underway. If there is nothing available, then let us know. And this brings me to a small but significant point.

I have recently come upon an interesting and important paper published this spring in a readily available journal, The Educational Record.[1/] Based on the 1975 data from the Carnegie Council, the paper reports that faculty members who consult for pay tend to be more active in the academy than their faculty colleagues who do not consult for fees. These faculty members who serve as paid consultants also spend more time in teaching and advising; more of them are engaged in research; and they have written more books and articles. The authors of this paper did a similar study several years ago based on comparable data from a 1969 survey by the Carnegie Commission, and their results were strikingly similar to those reported in their new paper.[2/] Interestingly, one of the authors of these papers told me that he had sent

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1/ Carl V. Patton and James D. Marver, "Paid Consulting by American Academics," Educational Record, Spring 1979, pp. 175-184.

2/ James D. Marver and Carl Vernon Patton, "The Correlates of Consultation: American Academics in the Real World," Higher Education, Spring, 1976, pp.319-335.

an early draft of the more recent paper to the personnel on this project. So, I reiterate my question. Why are we not given a balanced accounting of the available research findings on this important subject?

To sum up these initial comments, I do not understand the nature of the research component of this project. Everything I read and hear reflects a disposition to assume answers rather than to search for them.

II. The Real, Relative, and Absolute Salary Position of Academics

Let me now turn to the salary comparisons. My paper[3/] which I won't review in detail shows the following: (1) the real earnings position of university professors has been eroding recently; (2) the real earnings position of university professors relative to other comparable occupational groups has declined; (3) the real and relative declines have been accelerating; (4) the levels of 9-month salaries and total money earnings of university professors are not out of line with those of other comparable occupational groups; (5) the results of the AAUP salary study for 1978-79 released last Friday at the AAUP meetings in Houston indicate that things are worse this year than the year before; and (6) the prospects for next year look even worse.

The pattern of changes in real earnings of all faculty ranks combined is shown below:

Time Period	Annual Percentage Change in Real Salary
1948-49 to 1957-58	+2.1
1957-58 to 1967-68	+3.8
1967-68 to 1972-73	+0.9
1972-73 to 1977-78	-2.4
1977-78 to 1978-79	-3.1
1978-79 to 1979-80	-2.7 to -5.4 (estimated)

3/W. Lee Hansen, "Academic Salaries: Myths and Realities," May 1979, prepared for this conference.

The estimates for next year are based on expected increases of 10-12 percent in the Consumer Price Index and expected salary increases of 6-7 percent (in current dollars.)

Because of deterioration in the real and relative position of faculty members, we can expect mounting pressures on them to augment their salaries. Why? Several reasons come to mind. (1) Self-interest. (2) Disappointed expectations based on the higher real and relative salaries prevailing when many academics made their decisions some years ago to enter the profession. (3) A belief that society has reneged on its "social contract" of the late 1950's to improve the economic status of professors. What weight should be assigned to each of these explanations is not clear. In any case, the demand for outside activities exists.

What about the supply of opportunities to engage in outside activities? Who knows? There may now be fewer such opportunities available due to the growth in number of PHD's, MA's, and BA's. On the other hand, there may be more opportunities because faculty members are cheaper and do a better job than private consultants. In any case, demand and supply cannot be expected to be similar across all institutions and academic fields. In universities with their heavy emphasis on rewarding merit, the search for outside activities is likely to be greatest by those people who contribute least to achievement of an institutions's goals; their lower incomes will force them to seek outside work. In institutions where merit distinctions are not made the abler faculty who see themselves unrewarded for their institutional efforts will be most likely to seek added outside activities. This leads to an interesting situation. At the "best" schools which emphasize merit, the incentives will be greatest for the least able personnel. At "weaker" schools, the incentive will be greatest for the most able personnel. Since the practice of rewarding faculty members on the basis of merit is not widespread, the likely diversion of talent to outside activities is a serious

matter. Similarly, university salary structures that offer relatively comparable pay across disciplines will affect differentially the pressures and opportunities for people in different disciplines.

III. Some Ethical Concerns

Since most of the speakers have been in a confessional mood, let me join them, though my story has a somewhat different twist. I love my work--teaching, research, university service, public service. I believe I do all of them reasonably well. I also devote large amounts of time to them because my work is my leisure, my fun. And I don't consult for pay, although I do receive occasional honoraria. But my family thinks that I don't spend enough time with them. Indeed, my wife thinks it is unfair for me to work as much as I do. Is this an ethical problem? Should she and my children pass a rule limiting the amount of time I work? Should she petition the university for an increase in my compensation to reward me properly for what I do? Or should she file a suit against the University of Wisconsin for the alienation of my affections? Should she sue me for divorce? From this illustration, it is clear that the questions about the allocation of time and effort cut two ways. Should there not be equal concern about people who give, by some standard, "too much" time to their work? Does this not constitute an important ethical problem that this conference should address?

More seriously, should faculty members be required to receive smaller salary increases than other groups, and even suffer, as they have, sizeable declines in real income? Is this ethical? To the extent that they enter into outside activities that augment their incomes, is it ethical to prevent them from doing this? And to the extent that smaller salary increases for faculty members slow the growth of education costs and hence tuition, should

university teachers be required to subsidize their students by receiving smaller salary increases than other groups of workers? This is one interpretation of what is happening. Is this ethical behavior on the part of society?

Another ethical concern growing out of the salary data is the following: if faculty members are earning outside income and giving less time to their academic duties, should we not advocate paying them the salaries required to maintain their full allegiance to the university (that is, to not engage in outside activities)? This would mean compensating them on the basis of the value of their time as perceived by people who are willing to pay. This would cost money but why should academics be paid less than they are worth? Is it ethical to pay them less?

I raise these questions because they suggest that ethical concerns have two sides or dimensions. Those on the agenda of the conference are severely limited in their scope. More serious, they imply that the behavior of faculty members is at the root of the problem. But one can just as easily turn the matter around and suggest that it is faculty members whose interests are most in need of protection.

IV. Conclusion

Now to finish up. We have the view espoused by the conference organizers that there is a conflict between inside and outside activity when perhaps as often as not these activities are complementary. We have a belief that rules and regulations calling for the reporting of these activities will expose these conflicts and presumably reduce if not eliminate them. And we hear a call for rules and regulations applicable to all to deal with the probably small number of serious violators.

I will not accept these views until the evidence is presented that we

do indeed have a serious problem. And even if we do have a serious problem, the likelihood is considerable that, after an initial flurry of concern and activity, things would slip back to their former state. However, to push these views when we don't have clear notions about the dimensions of the alleged problems is premature. I continue to wonder where the project is taking us and whether it should be taking us anywhere at all. Perhaps this is why I find this conference provocative but baffling.